

July 28, 2011

VIA ELECTRONIC FILING

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 11-42 - Lifeline and Link Up Reform and Modernization
CC Docket No. 96-45 - Federal-State Joint Board on Universal Service
WC Docket No. 03-109 - Lifeline and Link Up
NOTICE OF EX PARTE PRESENTATION

Dear Ms. Dortch:

On July 13, 2011, Nebraska Public Service Commissioner, Anne C. Boyle, sent a letter to Chairman Genachowski articulating certain concerns regarding the Lifeline enrollment process in general and the Commission's recently-established interim process for de-enrolling Lifeline customers enrolled in multiple providers' Lifeline programs in particular. TracFone Wireless, Inc. agrees with certain of Commissioner Boyle's concerns and suggestions for improving the Lifeline enrollment process. However, several aspects of her letter warrant response.

In a report and order released June 21, 2011 (In the Matter of Lifeline and Link Up Reform and Modernization, et al, FCC 11-97), the Commission established procedures to identify and de-enroll consumers who are enrolled in multiple Lifeline programs. Those procedures, which are now being implemented, involve the cooperative efforts of all affected Eligible Telecommunications Carriers (ETCs), the Commission staff, the Universal Service Administrative Company (USAC), and a third party vendor. Commissioner Boyle's assertion that those procedures will "require extraordinary efforts by the FCC" is not correct. Those procedures will be conducted by the ETCs, USAC, and a third party vendor selected by the ETCs. The entire cost of that third party vendor's services, including the letters, follow up post cards, and telephone calls, is being borne by the participating ETCs, not by the Commission, and certainly not by the Universal Service Fund. Moreover, those procedures identified by Commissioner Boyle (the initial letters, the follow-up post cards, and the subsequent telephone calls) have been included at the request of the Commission's Consumer and Governmental Affairs Bureau, not at the behest of the participating ETCs. Whether or not one chooses to characterize these procedures as "kid glove" treatment or as "spoon feed[ing]" as did Commissioner Boyle, their purpose is to ensure that customers not lose Lifeline benefits without first having received full notification that they may do so and afforded an opportunity to select their preferred Lifeline provider.

Commissioner Boyle further describes how Nebraska conducts Lifeline eligibility determination reviews. The Nebraska process, as described by Commissioner Boyle, involves

use of data bases maintained by state agencies such as the Nebraska Department of Social Services. TracFone agrees that state data bases, where they are available, play an important role in enabling ETCs to determine whether Lifeline applicants are qualified. Indeed, TracFone uses such state data bases in those of the 38 states where it has been designated as an ETC where such data bases are available. TracFone also supports development of national data bases to enable ETCs to make real time determinations as to whether applicants for their Lifeline programs participate in qualifying programs and whether applicants are enrolled in other ETCs' Lifeline programs.

TracFone notes with concern the Nebraska process described in Commissioner Boyle's letter requiring Lifeline customers to provide documentation of program-based eligibility. As TracFone has described in its comments in this proceeding, there is no evidence to support the theory that mandatory documentation of program-based eligibility will prevent fraudulent enrollment. What a mandatory documentation requirement will do is preclude many qualified low-income households from enrolling in Lifeline. As an ETC offering Lifeline service in most of the 38 states where it has been designated as an ETC, TracFone has extensive experience enrolling Lifeline customers. It has learned that most Lifeline-eligible customers do not have documentation of program-based eligibility (e.g., Medicaid cards, proof of LIHEAP or SNAP participation) readily available. Moreover, even in those relatively rare instances where Lifeline applicants have such documentation available, most do not have access to copying machines, scanners, fax machines and computers needed to transmit such documentation. As a result, such documentation requirements discourage many qualified low-income households from completing the application process and enrolling in Lifeline.

In evaluating the efficacy of the Nebraska procedures, particularly its mandatory proof of program-based eligibility requirement, it is instructive to review Nebraska's experience with Lifeline. According to Commission data, in 2002, 17.1 percent of qualified low-income Nebraska households were enrolled in Lifeline -- far below the national average of 33.7 percent. Source: Lifeline and Link-Up (Report and Order and Further Notice of Proposed Rulemaking), 19 FCC Rcd 8302 (2004), at Appendix K - Section 1: Baseline Information Table 1.A. Baseline Lifeline Subscription Information (Year 2002). In 2010, according to USAC, the Lifeline participation rate among qualified Nebraska households was between 10 percent and 20 percent. Source: 2010 Lifeline Participation Rates by State (available at www.universalservice.org). In short, in the eight years between 2002 and 2010, Lifeline participation among low-income Nebraska households "skyrocketed" from 17.1 percent to somewhere between 10 and 20 percent. As of 2010 (the most current year for which Lifeline enrollment data are available), more than eighty percent of Nebraska's low-income, Lifeline-eligible households are not receiving Lifeline-supported service. An eighty percent Lifeline non-participation rate might be good enough for Nebraska, but TracFone respectfully suggests that the Commission can do better and it should expect better.

In difficult economic times, a public assistance program which fails to reach more than eighty percent of its intended recipients should not be deemed a success. In crafting rules to reform the Lifeline program, it is imperative that the Commission do so in a manner which promotes participation by those intended to benefit from Lifeline rather than discouraging participation by imposition of burdensome and unnecessary enrollment requirements. While

responsible steps to detect and prevent waste, fraud, and abuse of Universal Service Fund resources should be taken, the Commission should reject suggestions to complicate the Lifeline enrollment process in a manner which is likely to limit the availability of Lifeline service to those low-income households who qualify for assistance and who need that assistance. Unlike Nebraska, the Commission should not be satisfied with a Lifeline participation rate under twenty percent.

Respectfully submitted,



Mitchell F. Brecher

Cc: Hon. Julius Genachowski
Mr. Zachary Katz
Ms. Sharon Gillett
Mr. Trent Harkrader
Ms. Kimberly Scardino
Ms. Jamie Susskind
Ms. Cindy Spiers